

H.R. 2115 Public Disclosure of Drug Discounts Act

Sponsored by U.S. Reps. Abigail Spanberger, Jodey Arrington, and Brendan Boyle

H.R. 2115, *Public Disclosure of Drug Discounts Act*, introduced by Representatives Abigail Spanberger (D-VA-07), Jodey Arrington (R-TX-19), and Brendan Boyle (D-PA-02) would require Pharmacy Benefit Managers (PBMs) to report their *aggregate* rebates, discounts, and other price concessions for prescription drugs to a public website, so consumers, employers, and other payers can understand and compare the discounts PBMs receive.

PBMs are the intermediaries between drug manufacturers, health insurers, and pharmacies; they develop formularies, administer drug claims, and negotiate the discounts on prescription drugs. The three largest PBMs control nearly three-quarters of the U.S. drug market.¹

Concerns have arisen that PBMs could contribute to escalating list prices of prescription drugs and high out-of-pocket costs for patients. Under the typical PBM business model, the rebates drug manufacturers pay to PBMs are based on the PBM's ability to drive market share. Even if drug list prices increase, PBMs can recoup greater rebate dollars. Policymakers need transparency to assess the impact of PBMs' business model on health care costs and to better understand the amount of rebates and determine how much value they add for patients.²

H.R. 2115, *Public Disclosure of Drug Discounts Act* would increase transparency by requiring the Secretary of the Department of Health and Human Services (HHS) to publicly post aggregate rebate data and generic dispensing rates – data PBMs already report by law. Information on rebates by class of drug would be made publicly available, to the extent the disclosure does not display confidential information regarding rebates achieved for an individual drug.

In Medicare, PBMs negotiate rebates (and other “discounts”) with drug manufacturers for Medicare Part D plans.³ The compensation PBMs receive after the prescription drug has been filled at the pharmacy is called Direct and Indirect Remuneration (DIR), which accounted for \$23.6 billion or 17 percent of gross Medicare Part D costs in 2015.⁴ DIR includes drug manufacturer rebates, as well as certain compensation arrangements with pharmacies. This bill would make some information related to DIR publicly available and more transparent.

¹ <https://nashp.org/pharmacy-benefit-manager-model-legislation-questions-and-answers/>

² <https://nashp.org/new-nashp-model-legislation-helps-states-bring-transparency-to-pharmacy-benefit-managers/>

³ Four major PBMs control 85 percent of the market: ExpressScripts, CVS, CareMark, and OptumRx (United).

⁴ <https://www.healthaffairs.org/doi/10.1377/hblog20190215.708286/full/>